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Report Highlights:

With per capita income of over \$4,600, a middle and upper class making up 61 percent of the population, and 6-7 percent GDP growth forecast for 2004-2005, Malaysia shows good potential for growth as a market for consumer high value products. The Malaysian food and beverage market is becoming increasingly sophisticated and tariffs are low for most imported products. New retail outlets, which are good venues for imported products, are continuing to open, thereby providing better access to consumers. Best product prospects include fresh fruits and vegetables, pet foods, halal poultry meat, nuts, frozen potatoes and wine.

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Table of Contents

SECTION I. MARKET OVERVIEW	3
SECTION II. EXPORTER BUSINESS TIPS	4
SECTION III. MARKET SECTOR STRUCTURE AND TRENDS	6
SECTION IV. BEST HIGH-VALUE PRODUCTS PROSPECTS.....	12
SECTION V. KEY CONTACTS AND FURTHER INFORMATION	15
APPENDIX I. STATISTICS	16
A. KEY TRADE & DEMOGRAPHIC INFORMATION.....	16
TABLE B. Consumer Food & Edible Fishery Products	17
TABLE C. Top 15 Suppliers of Consumers Foods & Edible Fishery Products	18

SECTION I. MARKET OVERVIEW

Malaysia with a population of around 25 million people, is one of the most developed nations in Southeast Asia. About 61% of its population makes up the middle to upper income group of consumers. Its economy has a firm foundation in a mixed economy that comprises strong, manufacturing, service and agricultural sectors. The Malaysian economy was unscathed by SARS and the Iraq war, with gross domestic product (GDP) growing at 5.3% in 2003, exceeding the official forecast of 4.5%. GDP for 2004 is estimated at 7% and the IMF projects 6.3% growth in 2005. Per capita GDP is estimated at \$4,616 in 2004.

The Malaysian government has instituted many price stabilization programs including controlling the prices of essential food items to curb inflation. Inflation in 2003 was at 1.7 percent. The currency is fixed at RM3.8 to \$1.00. Malaysia is politically and economically stable and open to foreign trade. Transportation, communications, banking and health services are modern and efficient.

The Malaysian food and beverage market is becoming increasingly sophisticated and is supplied by both local and imported products. The strong economic growth in the late 80's and early 90's contributed to major changes in consumer purchases and consumption patterns. Malaysians living in urban areas are relatively brand conscious, and they prefer to shop in stores, which offer them convenience and good product selections. Traditional markets are losing ground, but are still important outlets for fresh fruits and vegetables.

Total retail sales in 2003 is estimated at \$12.6 billion (Source: Euromonitor). Malaysia's retail sales growth for 2004 is estimated at 7.5%, with total retail transaction projected to reach \$13.5 billion.

Advantages and Challenges for U.S. Suppliers

Advantages	Challenges
GDP for 2005 is projected at 6%-7%. This anticipated growth will further spur consumer's spending.	The Muslim population does not consume non-halal products. This inhibits the country's demand for non-halal products from foreign sources.
More than 36% of the population is less than 15 years of age. The majority is expected to participate in tomorrow's consumer market, or is already participating today.	Malaysian consumers are price-sensitive. US products are not always price-competitive when compared to local products and imports from neighboring countries.
The Malaysian market for imported food and beverages continues to be liberalized. Tariffs are low for most products, ranging from 0-20%.	US products face strong competition from Australia, New Zealand and China.

New retail outlets are continuing to open, providing better access to consumers on a nationwide basis. These businesses are looking for new imported products for their retail outlets.	Strong local brands that have foreign origins, e.g., Nestle, Walls ice cream, Coca-Cola command strong positions in their market segments.
The food processing sector's active involvement in R&D activities and constant new product introductions create new demands for new ingredient types.	Dominance of domestic suppliers in edible oil, poultry, pineapple and cocoa.
New concept food service outlets such as modern café and lifestyle restaurants attract the younger urban dwellers from the middle to higher income group.	Price sensitivity of consumers directly affects the sector's buyers and their suppliers, e.g. importers and distributors.

SECTION II. EXPORTER BUSINESS TIPS

Business Customs

Malaysians are accustomed to doing business with foreigners and readily accommodate foreign business manners. Younger businessmen are prepared to start new business relationships with foreign companies without the advantage of a personal meeting. These businessmen also prefer to communicate with foreign suppliers electronically.

Prior to initiating any export sales to Malaysia, it would be advantageous to conduct a market survey with particular reference to the competitive environment. It is common for foreign exporters to appoint a local sales agent / importer to distribute their goods, expedite clearance of goods from ports and draw on existing networks of wholesalers and retailers. Regular visits by U.S. exporters to the market are also critical to enhance business relationships.

General Consumer Tastes and Preferences

Malaysia is a multiracial society consisting of three major races. The Malays account for 60% of the population, with Islam as the official religion; slightly more than 30% of Malaysians are Chinese who may be Buddhist or Christian. Indians form the remaining 10% of the population and they are largely Hindus.

Lunch and dinner meals consist mainly of rice together with two or three meats/fish and vegetable dishes that are prepared according to the styles and traditions of various ethnic communities. The Malays and Indians prepare their dishes with hot spices while Chinese prefer to stir-fry. Religious affiliation affects food consumption in Malaysia. Muslims do not eat pork, and only eat meat products that have been certified halal, and many Buddhists and Hindus do not eat beef. Thus, halal chicken meat is popular among all consumers.

With rising affluence and education levels, consumers' shopping and eating lifestyles have changed drastically over the years. Malaysians, especially in urban and cosmopolitan areas, prefer to shop in modern retail outlets, which offer them one-stop shopping options. However, traditional stores such as provision and grocery shops, which are conveniently located in residential and workplaces are still popular.

Malaysians are adventurous in their eating habits. Eating out is common and is relatively inexpensive. Open air, street-stalls food is popular. Fine dining restaurants and foodservice outlets incorporating international cuisines are found in Klang Valley and other major cities where spending power and population concentration are higher. Most consumers frequent this type of restaurants to dine in style and comfort and to experience the best and most sophisticated culinary standards in the country.

Food Standards and Regulations

Malaysian health and food labeling requirements are fairly liberal. The labeling requirements specify that imported and domestically produced processed food items must be labeled in English or Bahasa Malaysia. Labels must contain the following information:

- An appropriate description of the product;
- A list of ingredients in descending order of proportion by weight;
- if the item contains any animal product, a statement as to the presence of such animal products (beef, pork, lard, gelatins, etc.,)
- if the item contains any alcohol, a statement as to the presence of alcohol;
- the minimum net weight of the product; in the case of a product packed in liquid, the minimum drained weight of the food;
- the name and address of the manufacturer;
- the name and address of the importer (this can be affixed at the time of import);
- a statement of shelf life or expiry dates.

Certain food additives, preservatives, and artificial colorings approved for use in the United States may not be permitted in Malaysia (See Malaysian Food Quality Control website at <http://www.moh.gov.my/fqc/index.htm>). In addition, products with labels that include phrases such as "Contains No Palm Oil" or "Contains No Tropical Oils" will not be allowed for import. (Malaysia is a palm oil producing country and is a strong advocate of this commodity. Please see FAIRS Report MY4038 for more detailed information on Malaysian food standard and requirements).

General Import and Inspection Procedures

All food consignments are subject to random checking and sampling at the 28 entry points around the country to ensure food items imported into the country are safe and comply with the prescribed standards and regulations. All meat, poultry and dairy product shipments must be accompanied by appropriate USDA documentation. All beef and poultry products must be certified halal and the products must originate from slaughterhouses that have been inspected and approved by the Malaysian veterinary and religious authorities. (It is important to know that U.S. plants must list and show the products they intend to export to Malaysia during the inspection visits by the Malaysian veterinary and religious authorities; as only products that are certified halal during the inspection visits are allowed to be imported into Malaysia). Other food items that contain any animal products must be clearly marked.

International freight forwarders normally handle documentation and other formalities with authorities at entry points. Provided all necessary documents are in order, no problems or delays should occur in clearance of goods.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

In 2003, the total imports of consumer-oriented products to Malaysia were estimated at \$1.6 billion. Total imports from the United States were \$118 million, representing 7% market share. China was the major supplier of this category with imports at \$280 million and is projected to maintain its position for 2004. Australia and New Zealand both held 14% and 15% market shares respectively.

China exported \$110 million worth of vegetables to Malaysia in 2003. Turnip, cabbage, carrot, potato and garlic were among the major items. China is the market leader for mandarin oranges (\$10 million), apples (\$6 million) and pears (\$8 million). Since the US and China are both in the northern hemisphere with similar seasons, US exporters have to compete aggressively with Chinese exporters who can sell their produce at lower prices. US oranges and grapes are popular in the Malaysian market. Imports for 2003 were at \$10 million and \$5.3 million respectively. Competition is less intense with supplies from Australia since they have the opposite seasons.

By tradition, New Zealand is the most favored for dairy products followed by Australia. The latter in turn is the preferred source of meat products. In 2003, imports of dairy products from New Zealand were at \$116 million while imports of from Australia were estimated at \$89 million. However, with the strengthening of Australian and New Zealand currencies, traders are looking for alternate supplies of dairy products such as cheese.

India is the leading supplier of red meat market with total imports of \$84 million (77,000 metric tons) in 2003. Indian beef caters to the mass market. In the foodservice sector, competition for US beef comes from Australia, with total imports amounted to \$13.6 million (9,400 metric tons) and New Zealand at \$13.9 million (7,800 metric tons) in the same year. Imports from US were at \$2 million. US beef is considered premium and is found only in high-end foodservice outlets and restaurants serving Japanese, Korean and Western cuisines. (The Malaysian Veterinary authority imposed a ban on US beef since December 2003 due to the detection of BSE in the US).

Malaysia is self-sufficient in pork and poultry (broiler/eggs) production. Chicken parts and chicken wings are imported periodically to meet the demand from the local processing industry. In 2003, major suppliers of chicken parts and chicken wings were Thailand (\$18 million) and Denmark (\$12 million). US exported \$1.3 million. Since there is no commercial production of turkey in Malaysia, all turkey meat is imported. US is the leading supplier with imports of frozen whole turkey and turkey parts at 488 metric tons with CIF value of US\$1 million in 2003.

Malaysia is a net importer of seafood products with an annual import estimated at US\$350 million in 2003. While some supply of fresh and frozen fish comes from the East Coast of Peninsular Malaysia, Malaysia imports a substantial amount of fish and seafood products from Thailand (\$100 million) and Indonesia (\$68 million).

* Note:

This data, obtained from the UN Trade Database, reflected a lower import value compared to the statistics published by the US Trade Data. US data showed that the total exports of consumer-oriented products from US were \$161 million in 2003. Exports of fresh fruits were \$79 million but were reflected at \$21 million in the UN Trade Data.

An increasing number of middle to high income consumers in Malaysia demand high quality imported exotic fish and seafood, especially live, and the bulk of these will be consumed in middle to high-end Chinese seafood restaurants. Lobsters (Boston, Rock), abalone, oysters, scallops, clams (Razor, Blood, Sea, Jackknife), green mussels, crabs (Snow, King, Blue Swimmer, Dungeness), prawns (Mantis), geoduck, farmed sturgeon, razor fish, turbot, grouper, sea bass, bamboo fish, coral trout and carp are popular.

High-end western restaurants and high-end hotels have a demand for premium fresh, chilled or frozen products, such as salmon, cod, Dover sole, halibut as well as oysters, scallops, clams, lobsters, crabs and alike. Most salmon imports (fresh/chilled, frozen and smoked) are distributed to these types of food service outlets.

Supermarkets and hypermarkets are good for fresh chilled or frozen lobsters, crabs, large prawns, mackerel, cod, salmon (included smoked), Hoki, Dori, mackerel, crab meat, mussels, scallops and clams.

Opportunities exist for US fish and seafood exporters to develop their market presence in Malaysia by supplying to these major businesses.

Distribution for consumer-ready food products

Private companies are the major entities in the food distribution system. Food importers and commissioned agents place orders with foreign suppliers and distribute to supermarkets/grocery stores and hotels in the cities and to sundry shops in the rural areas. Several of the larger supermarket chains are beginning to import directly from overseas.

Most products from the United States enter through the ports of Klang, Penang and Johor. Transshipment of food products through Singapore has declined with improvement in shipping facilities offered by major ports in Malaysia. Westport, situated in Port Klang and the newly developed Port of Tanjung Pelepas (in Johor) have further enhanced Malaysia as a shipping hub.

Malaysia has 7 international airports, including the newly opened Kuala Lumpur International Airport (KLIA), one of the biggest and most modern airports in the region. Malaysia's highway network is the backbone of the country's transport system as 90% of passenger and cargo movements are by roads. Roads link almost every town in Malaysia, and products move efficiently between cities and rural areas. Railway lines which connect the north, south, west and east coasts of Peninsular Malaysia complements the road system.

Food Retail Sector

The retail sector in Malaysia remains highly fragmented with a large number of small to medium sized players in the market. No official statistics are available on the current structure of the retail sector. There are approximately 140,000 retailers and wholesalers in Malaysia, comprising shopping complexes, supermarkets, wet-markets, specialised outlets and traditional retail shops. Trade sources estimate that there are around 40 hypermarkets, 1,500 supermarkets and minimarkets, 300 convenience stores, 2,300 petrol station stores and over 90,000 traditional food stores nationwide.

Supermarkets and hypermarkets command around 28% of the total retail sales. These stores are mainly located in the major urban centers and are continuing to grow in numbers. Foreign-owned retailers operating locally include Tesco, Carrefour, Makro, Dairy Farms International (owns Giant), and Jaya Jusco. Supermarkets and hypermarkets will continue to see the fastest growth over the next three years. These retail stores provide

good venues for imported products and access to the middle and high-income sophisticated consumers.

Competition among the retailers, especially hypermarkets, is intense with large international retailers like Carrefour, Tesco and Giant frequently engaging in price wars to establish their presence as major players in the market. The pressure is mounting for local retailers such as The Store to maintain competitive prices and carry a good variety of products in order to keep up with the international players.

Late last year, the Government announced a five-year freeze on issuance of licenses for new hypermarkets in Klang Valley, Penang and Johor Bahru to control the growth of hypermarkets. These are major retail growth areas and are believed to be already crowded with too many players. In order to protect small retailers from going out of business, hypermarkets are no longer allowed to operate in towns with less than 350,000 people.

Entry strategy

At first sight, supermarkets and hypermarkets appear to be the easiest entry target for new-to-market US exporters as they already sell a wide range of imported food and beverage products which are targeted at the sophisticated middle to high income urban customers. However, US exporters should carefully select major retailers that are best positioned to sell imported US food and beverage products. The US exporters should consider the following when selecting major retailers:

- The financial strength of the company
- The number and location of retail outlets
- The marketing and promotional strategy and programme of the store.
- The target customers of the store.
- The level of interest by the retailer in selling imported US products.
- The store's purchasing policy, i.e. whether they purchase directly from overseas suppliers or via local importers/distributors. It is important to note that some supermarkets and hypermarkets buy directly from overseas suppliers as well as from local importers and distributors. All other types of retailers buy from local importers and distributors
- The retail management's policy towards:
 - new imported products and brands.
 - premium and basic lines and niche products.
 - volume of sales expected.
 - promotional support expected of US exporters.
 - pricing.
 - listing fees and other costs, if any.

Food Service Sector

The food service sector in Malaysia is highly fragmented with a large number of small to medium sized players in the market. According to trade sources, over 80% of the food service establishments are made up of small family-owned businesses or individual proprietors. This sector is expected to grow from 5%-15% in the next three years.

The Table below provides trade estimates of the structure of the food service market today.

Structure of Food Service Market (Estimated Sales of US\$ 3,813 Million)	
Full service family style restaurants	25%
Food and drinks hawker stalls	25%
Fast food restaurant chains	15%
Coffee shops	15%
Hotel and resorts	15%
Catering services	5%
Total	100%
Source: Trade estimates (Stantons, Emms & Sia)	

1. Hawkers provide the very foundation of the Malaysian food industry. Small food and drinks stalls serving a very limited range of local dishes at inexpensive prices, operated by proprietors or family businesses. This sector has around 25% of the total food service market. A large number of these businesses operate from temporary roadside stalls while some are located within coffee shops. Increasingly, more stalls are located in food halls in the modern shopping complexes. The majority of this sector's customers are low to middle income workers, families and students who have their breakfast, lunch or snack at food stalls on a daily basis during the working week.
2. Full service family style restaurants, operated by individual proprietors, companies or large corporations, which are estimated to have around 25% of the total food service market. They are made up of low end to high end, air-conditioned restaurant chains with waiter services included. A large number of these full service restaurants serve Chinese cuisine although an increasing number specialise in serving exotic cuisine from Europe, Africa and America, particularly those located in the major cities where expatriates live. The majority of the customers consist of families from middle to high-income groups, businesspersons, tourists and affluent younger Malaysians.
3. Local coffee shops and modern concept café that are estimated to have around 15% share of the total food service market. Coffee shops are generally low to middle end restaurants without air-conditioning or waiter services, owned by proprietors or small companies. Culinary and sometimes health standards are generally low to average with the majority offering simple local dishes for breakfast and lunch. Their menu prices are usually inexpensive, which attract the majority of the low to middle income consumers in Malaysia.

An increasing number of franchised branded cafés, such as Starbucks and Coffee Bean & Tea Leaf, have entered the sector in recent years. They are usually located in the high-end shopping centres in major cities. These cafés are very popular with the young adults as well as teenage students from the middle to high-income groups. Their customers link being seen in such a branded café to the trendy lifestyle that they lead.

4. Fast food chain of restaurants, operated by companies or large corporations, which is estimated to have around 15% share of the total food service market. KFC today dominates the sector. Other major fast food restaurants include McDonald's, A&W, Burger Kings, Pizza Huts, etc are located strategically in large shopping malls all over Malaysia. Local franchised chains such as Marrybrown, Sugar Bun and Dave's Deli, which offer similar menus as the KFC and McDonald outlets, are also expanding rapidly. Competition among these quick service restaurants (QSRs) is intense with seventy percent of customers who patronize quick service restaurants are students in the "teen" market.

Hotels and resorts, which comprise about 1,700 hotels and other lodging houses, form a relatively small segment in Malaysia's food service market. Its share of the total market is estimated by trade sources at about 15% today, worth around US\$ 570 million. Importantly, the 3 to 5 star rated hotels, numbering less than 250 nationwide, operate restaurants that are key users of imported food and beverages. These 3 to 5 star hotels normally have more than three food and beverage outlets, e.g. a coffee house, a local Asian restaurant and a foreign restaurant, i.e. Western food or, in some cases, Japanese food, as well as at least one bar that is licensed to sell alcoholic drinks.

The Malaysian Tourism Board has been actively promoting Malaysia as a holiday destination. In 2003, total earnings from tourism were at \$5.6 billion with food and beverage as the third largest contribution at 16.4% after accommodation (39.4%) and shopping (20.7%). The growth in tourism is expected to fuel the growth of restaurants offering international cuisines such as Middle Eastern and Latin American food.

Food Processing Sector

Malaysia has a sizeable food manufacturing industry. Trade sources estimate the industry's total output in excess of US\$ 9 billion. Malaysia exported \$1.46 billion worth of processed food in 2003. Major processed food items for exports included bakery products, baked beans, canned curry chicken and beef, canned tuna fish, sardines, instant noodles, canned tropical fruits, fruit juices, milk drinks, soya products, chilli and tomato sauces, biscuits, breakfast cereals, chocolate products, snack foods such as chips and candies, and gourmet foods. These products are produced in conformation with *halal* requirements that are acceptable by Muslim consumers worldwide.

The Malaysian food and beverage manufacturing industry has a broader base than many of Southeast Asia's food and beverage processing industries. Most of the major food processing companies are also involved in exporting their products to overseas markets. The following factors have contributed to the production diversity found in the industry today:

1. The presence of a wide range of high quality imported processed food and beverages because of the relatively low import duties on most of these products. This has stimulated the introduction of new foods to local production by local businesses seeking to benchmark imported products which have become popular with local consumers, e.g. biscuits, confectionery and snack products.
2. Malaysia's open trading environment has stimulated the extensive use of imported ingredients by its local food processing industry. This has enabled the industry to experiment and introduce a wide range of new processed.

3. Malaysia aims to be the international centre for "*halal*" food production. Malaysia's accreditation on *halal* (the product can be consumed by Muslims) products is highly respected and recognised by most Islamic nations. This allows Malaysian based companies to penetrate these markets with ease with their *halal* certified food and beverage products. This has created an opportunity for the food industry to produce *halal* certified foods and beverages targeted at the Muslim markets worldwide. Today, Malaysia has one of the widest ranges of processed *halal* foods in the world.
4. The government's campaign for consumers to "Buy Malaysian" products has encouraged the retail sector to carry more Malaysian produced food and beverage products. This has stimulated confidence in the industry with increased investment in R&D activities, increased introduction of new product range, expansion of the domestic market into both the retail and HRI sectors and entry into new overseas markets.
5. In addition, the Asian economic crisis has forced a large number of the companies to become more efficient in their operation. With increased competition for market shares, these companies have implemented cost saving exercises and consolidated their operations to be more competitive in the market. This included sourcing of ingredients from lower cost suppliers and, where possible, from domestic suppliers.

Various trade organizations such as the Federation of Malaysian Manufactures and the government agency, Malaysia External Trade Development Corporation (MATRADE) is aggressive in promoting, assisting and developing Malaysia's food industry for the export markets. Marketing seminars, workshops and training programs are routinely organized to improve international marketing skills and assist food processors in finding new markets overseas. The Malaysian Government has extended certain facilities such as the Export Credit Refinancing to marketing and exporting entities including trading houses to assist these small and medium enterprises to market and distribute their products overseas.

Participation in international food shows by Malaysian food processors has also brought about universal recognition of Malaysian ethnic foods such as "satay" (barbecue meat and sauce) and "roti canai" (pancakes). Local companies are encouraged to use franchising as a tool to expand their business.

END OF REPORT

SECTION IV. BEST HIGH-VALUE PRODUCTS PROSPECTS

Product Category	2003 Market Size	2003 Imports	3Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness For USA
Poultry, mainly frozen	875,063 tons	40,063 tons (\$48 million)	Decline, due to strong local supply (chicken meat)	No import duties are levied on poultry imports.	The local poultry industry is very strong. Malaysians generally prefer fresh poultry, which is widely available.	Niche retail demand exists for frozen turkey.
Breakfast cereals	N/A	5229 tons (\$9 million)	4%	5% duty charged except on products containing cocoa, which incur 10% duty.	Nestlé and Kelloggs breakfast cereals and their strengths in the market.	An attractive market for long term development based on higher disposable incomes and related changing eating habits.
Infant food, including dairy products	N/A	18,708 tons (\$63 million)	Marginal growth	No import duties are levied on infant milk/food.	Food cultural barriers exist. Malaysian mothers appear to prefer cereal based infant foods. Locally prepared and packed dairy products of Nestlé, Dumex and Dutch Baby have a strong hold on the market.	The USA is already the major supplier for bottled infant food and the market is upgrading on the back of higher disposable incomes.
Fruit juices	N/A	11,712 tons (\$13 million)	Decline	20% except for pineapple juice which incurs 30%.	The retail market for fruit juices is growing, the market is upgrading from cordials on the back of higher disposable incomes.	This market is likely to become more dynamic in future as Malaysians start to understand these products. Opportunities will exist for development by the U.S. pure

						juice suppliers.
Fresh Vegetables, Temperate	312,038 tons	307,038 tons (\$124 million)	Growth of about 3%	No import duty is charged	<p>Competition from key established suppliers from Australia, Indonesia and China.</p> <p>Competition also comes in the form of products from Malaysia's own highlands and some Asian countries.</p>	Demand for temperate vegetables will continue to rise on the back of rising disposable incomes. This will provide opportunities for U.S. suppliers able to compete with Australia, Indonesia and China.
Frozen vegetables	28,766 tons	28,766 tons (\$21 million)	Decline	Nil except sweet corn which incurs 10%	Demand is not very varied and revolves around potatoes, peas, sweet corn and mixed vegetables.	<p>Good prospects exist for certain frozen vegetables supplied by the USA that are in demand from Malaysian consumers.</p> <p>Note: Food service demand is also important.</p>
Fresh fruits, temperate	366,495 tons	360,495 tons (\$80 million)	5% growth	5% for strawberry, raspberry and gooseberry and 10% for other fruits except kiwi fruit which incur 30% import duty.	Few barriers exist for popular products such as apples, pears, oranges and grapes.	This is one of the most attractive market segments for the USA to develop. Demand for temperate fruits will rise on the back of rising disposable incomes.
Dried fruits	17,226 tons	17,226 tons (\$5 million)	3% growth	10% except for Dates, which incur no import duty.	Mature traditional demand exists except for dates which are growing rapidly on the back of rising disposable incomes.	Attractive to U.S. suppliers with market driven approach to business with Malaysia.
Edible nuts	6,764 tons	6,764 tons (\$7 million)	15% growth	Nil, except for roasted groundnut	Major demand growth is from the food	This market should not be ignored. The

		million)		s which incurs 20% import duty.	industry.	USA is already the major supplier and the market is upgrading on the back of higher disposable incomes.
Pet foods	8,078 tons	8,078 tons (\$12 million)	Decline, due mainly to impact of recent economic slowdown.	No import duties are levied on dog or cat food.	Few constraints/ barriers exist under conditions where disposable incomes are growing.	Attractive for committed suppliers wishing to actively develop markets on a long term basis.
Wine	16 million liters	16 million liters (\$20 million)	Growing market	RM 120.00 (about US\$ 32) per Decalitre for still wines. Sparkling wines incur RM 425.00 (about US\$ 112) per Decalitre. Sales tax is levied at 20%.	Duties on alcoholic drinks moderate consumption. Wine may have benefited from a switch from use of spirits, e.g. brandy, at celebrations, e.g. ethnic Chinese weddings.	This is an attractive market for U.S. exporters underpinned by increasing disposable incomes as well as the apparent switch away from spirits.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting high value products to Malaysia, please contact the Office of Agricultural Affairs at the U.S. Embassy in Kuala Lumpur at the following address:

Office of the Agricultural Affairs
U.S. Embassy - Kuala Lumpur
APO AP 96535-8152
Tel : (011-60-3) 2168-4985/2168-4884
Fax : (011-60-3) 2168-5023
email: agkualalumpur@fas.usda.gov

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service homepage: <http://www.fas.usda.gov>.

Malaysian Regulatory Agencies / Other Trade Contacts

Director
Veterinary Public Health
Dept of Veterinary Services,
8th Floor, Block A, Wisma Chase Perdana,
Off Jalan Semantan, Bukit Damansara,
50630 Kuala Lumpur
Tel : (011-60-3) 2094-0077/252-1854
Fax : (011-60-3) 2093-5804
<http://agrolink.moa.my/jph>

Director
Food Quality Control Division
Ministry of Health Malaysia
3rd Floor, Block B, Komplek Pejabat Kesihatan
Jalan Cenderasari
50590 Kuala Lumpur
Tel : (011-60-3) 2694 6601
Fax : (011-60-3) 2694 6517 / [Http://dph.gov.my](http://dph.gov.my)

Director General of Customs
Royal Customs and Excise Headquarters Malaysia
Ground Floor - 7th Floor, Block 11
Kompleks Pejabat Kerajaan
Jalan Duta, 50596 Kuala Lumpur
Tel : (011-60-3) 6551-6088
Fax : (011-60-3) 6551-2605
<http://www.customs.gov.my>

APPENDIX I. STATISTICS**A. KEY TRADE & DEMOGRAPHIC INFORMATION**

Agricultural Imports From All Countries (US\$Mil) / U.S. Market Share (%)	4,553/ 9%
Consumer Food Imports From All Countries (US\$Mil) / U.S. Market Share (%)	1,596 / 7%
Edible Fishery Imports From All Countries (US\$Mil) / U.S. Market Share (%)	350 / 1%
Total Population (Millions) / Annual Growth Rate (%)	25.0/ 2.4%
Urban Population (Millions) / Annual Growth Rate (%)	16.0 / 4.5%
Number of Major Metropolitan Areas	9
Size of Middle Class (Millions) / Growth Rate (%) (estimate)	15 / 2.5%
Per Capita Gross Domestic Product (US Dollars)	\$4,149
Unemployment Rate (%)	3.4%
Per Capita Food Expenditures (U.S. Dollars)	1000
Percent of Female Population Employed	45.5%
Exchange rate (US\$1 = X.X local currency)	US\$ = 3.8RM

TABLE B. Consumer Food & Edible Fishery Products

Malaysia Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S. Market Share		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
CONSUMER-ORIENTED AGRICULTURAL TOTAL	1572	1575	NA	148	120	NA	9	8	0
Snack Foods (Excl. Nuts)	55	64	NA	5	4	NA	8	7	0
Breakfast Cereals & Pancake Mix	10	9	NA	1	1	NA	12	12	0
Red Meats, Fresh/Chilled/Frozen	163	160	NA	3	2	NA	2	2	0
Red Meats, Prepared/Preserved	9	9	NA	2	2	NA	21	19	0
Poultry Meat	49	65	NA	2	3	NA	5	4	0
Dairy Products (Excl. Cheese)	370	309	NA	21	8	NA	6	2	0
Cheese	14	15	NA	1	1	NA	5	2	0
Eggs & Products	2	3	NA	1	1	NA	13	11	0
Fresh Fruit	101	108	NA	19	19	NA	19	18	0
Fresh Vegetables	199	217	NA	4	4	NA	2	2	0
Processed Fruit & Vegetables	105	108	NA	23	21	NA	22	19	0
Fruit & Vegetable Juices	14	12	NA	3	2	NA	20	17	0
Tree Nuts	9	12	NA	4	4	NA	40	36	0
Wine & Beer	19	28	NA	2	1	NA	10	5	0
Nursery Products & Cut Flowers	3	7	NA	1	1	NA	2	0	0
Pet Foods (Dog & Cat Food)	12	13	NA	3	3	NA	27	24	0
Other Consumer-Oriented Products	437	437	NA	56	45	NA	13	10	0
FISH & SEAFOOD PRODUCTS	319	326	NA	3	3	NA	1	1	0
Salmon	9	14	NA	1	1	NA	7	5	0
Surimi	6	8	NA	1	1	NA	2	2	0
Crustaceans	74	68	NA	1	1	NA	0	0	0
Groundfish & Flatfish	39	41	NA	1	1	NA	2	1	0
Molluscs	10	11	NA	1	1	NA	4	1	0
Other Fishery Products	180	184	NA	2	1	NA	1	1	0
AGRICULTURAL PRODUCTS TOTAL	4025	4255	NA	424	427	NA	11	10	0
AGRICULTURAL, FISH & FORESTRY TOTAL	4611	4842	NA	459	466	NA	10	10	0

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office.

TABLE C. Top 15 Suppliers of Consumers Foods & Edible Fishery Products

Malaysia – Imports

CONSUMER-ORIENTED AGRICULTURAL TOTAL – (\$1000)				FISH & SEAFOOD PRODUCTS – (\$1000)			
	2001	2002	2003		2001	2002	2003
China (Peoples Republic of)	194371	227256	0	Thailand	92810	101162	NA
Australia	239469	226905	0	Free Zones	0	67799	NA
New Zealand	235020	209361	0	China (Peoples Republic of)	16221	20849	NA
Thailand	109207	166149	0	Burma	15860	17010	NA
India	132670	137114	0	India	15179	14372	NA
United States	148062	120324	0	Vietnam	10001	10942	NA
Netherlands	83703	87017	0	Taiwan (Estimated)	12874	10368	NA
Singapore	51305	64286	0	New Zealand	9220	8821	NA
Free Zones	0	53748	0	United Kingdom	8465	7431	NA
Philippines	37943	38194	0	Bangladesh	7533	6313	NA
Denmark	33345	31130	0	Australia	4467	5537	NA
France	21308	21129	0	Pakistan	3982	5389	NA
United Kingdom	17897	16175	0	Mexico	4855	5301	NA
Germany	29042	15864	0	South Africa	7073	5265	NA
Ireland	23497	14188	0	Norway	4128	4800	NA
Other	215296	146355	0	Other	105990	34605	0
World	1572164	1575224	0	World	318659	325977	0

Source: United Nations Statistics Division.